TO: State Directors
        Rural Development

ATTENTION: Rural Housing Program Directors,
               Guaranteed Loan Specialists,
               Rural Housing Specialists, and
               Rural Development Managers

FROM: Arthur A. Garcia   *(Signed by Arthur A. Garcia)*
          Administrator
          Rural Housing Service

SUBJECT: Guaranteed Rural Housing (GRH) Program
             Loss Claim and Future Recovery Processing

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to revise the loss claim and future recovery remittance procedures due to new automation capabilities and to assist in the preparation and calculation of Single Family Housing Guaranteed Loan Program loss claims and future recovery.

COMPARISON WITH PREVIOUS AN:

This AN revises and replaces expired RD AN No. 3564 (1980-D), dated August 17, 2000.

BACKGROUND:

The current "Rural Housing Guarantee Report of Loss" (Form RD 1980-20), and the previous "Loss Claim Worksheet", provided limited assistance for lenders submitting a loss claim. Currently, the Rural Development field office staff review all GRH loss claims to determine whether the lender has performed an expeditious liquidation and that claimed expenses are reasonable and customary. Extensive paper documentation must be reviewed by the Agency for each claim. The Loss Claim Worksheet was designed to assist lenders with the preparation of the claim and to assist with the Agency staff's review of the claim, thereby minimizing issues that cause delayed processing and payment of the claim.

EXPIRATION DATE: FILING INSTRUCTIONS:
March 31, 2005   Preceding RD Instruction 1980-D

IMPLEMENTATION RESPONSIBILITIES:

Loss Claim Processing

This AN is issued to modify the Loss Claim Worksheet, a tool lenders and Rural Development field offices may use to process GRH loss claims and to determine the amount of future recovery due the Agency. Lenders may use the electronic version of the revised Loss Claim Input Worksheet (Exhibit B) to support and facilitate the calculation of loss claims and future recovery. In the electronic version, the lender can enter the loss data into the Loss Claim Input Worksheet and Form RD 1980-20 will automatically be completed based on the data entered in the Loss Claim Input Worksheet. When the lender submits the claim to the Agency, Rural Development staff will review the loss claim or future recovery to ensure accuracy and will then enter the claim into the Guaranteed Loan System (GLS).

The Rural Housing Service (RHS) has automated the loss claim process for the Section 502 GRH loan program on GLS. The automated process allows the Agency staff to submit loss claims on-line and receive feedback related to the status of the claim payment. The data fields used in the automated loss claim process records information that helps determine lender due diligence through systematic edits and logic. Claims that have elements that fall outside established parameters will continue to be reviewed manually. Automated loss claim filing enables enhanced claim processing speed and uniformity.

The revised Loss Claim Input Worksheet helps the lender organize the information they provide to the Agency to support the loss claim and helps facilitate the entry of the data into GLS by Agency staff. The following attachments were updated and may be used when preparing loss claims and future recoveries. Electronic versions of these documents are available from the Agency. The attachments, as well as the electronic versions of the documents should be provided to the lender's claims department:

> Exhibit A, USDA Rural Housing Service Single Family - Guaranteed Rural Housing Loss Claim Checklist (Checklist)

> Exhibit B, USDA Rural Housing Service Single Family - Guaranteed Rural Housing Manual Loss Claim Input Worksheet (Input Worksheet)

> Exhibit C, Table to Determine the Number of Days Between Any Two Given Dates, 365-Day Basis (Table 365) (for interest accrual calculation)

> Exhibit D, Single Family Housing Guaranteed Loan Loss Claim and Future Recovery User Guide, Version 2.0 (User Guide)

When a lender submits a loss claim request to the Agency, the lender should submit the information listed on the Checklist. In addition, the lender should complete the Input Worksheet and Form RD 1980-20. The completed Input Worksheet and the completed Form RD 1980-20 should be submitted to the Agency along with all applicable documentation as required.

The appropriate field office staff, as designated by the State Director, will ensure that the Input Worksheet and Form RD 1980-20 are accurately completed and the Form RD 1980-20 is signed by the lender prior to processing the loss claim request.

Rural Development staff should maintain in the borrower case file a completed copy of the Input Worksheet and Form RD 1980-20 (signed by the lender and a Rural Development Approving Official), along with all supporting documentation provided by the lender.

Future Recovery Processing

When a loss is paid to a lender on a property that the lender has not yet sold from their inventory, (Real Estate Owned (REO) property), a loss claim is based on a liquidated appraised value. However, when the lender eventually does sell the REO, he may sell it for an amount higher than the value on which the loss claim was based. For these cases, the lender may owe the Agency "Future Recovery." Other forms of recovery include, but are not limited to: collection of a deficiency judgment; reimbursement of insurance premiums or property taxes; and hazard insurance claim collections.

When a lender does sell REO for an amount greater than the value in which the loss was based, it may be because the lender has made capital improvements to the property. In the past, lenders were required to pay back all recovery over and above the liquidated appraised value in which the loss claim was based without regard to capital improvements or increased real estate commissions.

To bring consistency to the GRH program and to provide parity for the lenders that maximize the return when the REO is sold, the Agency will allow certain reductions of the difference between the REO sales price and the appraised value on which the loss claim was based. These reductions are as follows:

- The cost of any capital improvements, not accounted for in the liquidation appraised value, which directly resulted in an increased sales price of the REO.
- The amount of seller concessions paid from the sales proceeds *beyond* what is customary for the area, which directly resulted in an increased sale price.
- Additional real estate commission based on the difference between the actual sales price of the REO and the appraised value in which the loss claim was based.

The combined reduction, as stated above, cannot be more than the difference between the actual sales price of the REO and the appraised value in which the loss claim was based.

An automated version of the Single Family Housing Guaranteed Loan Future Recovery Calculator (Future Recovery Calculator) incorporates the above provisions and should be utilized for all future recovery claims. The Rural Development office should complete Form RD 1980-20 with only items 1-9, item 29, and item 42 completed. Report type code "4" should be entered in item 1. Form RD 1980-20 should be signed by the appropriate approval official and forwarded to the Deputy Chief Financial Office, Attention: FC-350, Guaranteed Loan Branch to report the recovery. The recovery check should be processed as a miscellaneous collection on Form RD 451-2, "Schedule of Remittances." Again, for all future recovery calculations, the automated Future Recovery Calculator should be used to determine the amount of future recovery a lender owes the Agency.

The Input Worksheet and Future Recovery Calculator are in a Microsoft Excel 2000 Template with the file name of *rhsloss v12.xlt*. The User Guide is a Microsoft Word document with a file name of *Loss Claim User Guide v2.doc*. The Input Worksheet, Future Recovery Calculator, and User Guide will be distributed via e-mail to each State Office upon issuance of this AN and can also be obtained by contacting Dean Daetwyler via e-mail at Dean.Daetwyler@usda.gov or Susanne Wilson via e-mail at Susanne.Wilson@usda.gov.

This Input Worksheet, Future Recovery Calculator, and User Guide, may be distributed to all servicing lenders for their use. For lenders without Microsoft Excel, Rural Development personnel can print and distribute the manual version of the Input Worksheet and the manual Form RD 1980-20, which are included in the *rhsloss v12.xlt* Microsoft Excel template.

Questions pertaining to this AN can be directed to Dean Daetwyler at (202) 690-0514 or Susanne Wilson at (202) 720-9705 in the Single Family Housing Guaranteed Loan Division.

Attachments

EXHIBIT A

USDA RURAL HOUSING SERVICE
SINGLE FAMILY - GUARANTEED RURAL HOUSING
LOSS CLAIM CHECKLIST

To file an SF-GRH loss claim, submit the following forms and documentation to the appropriate Rural Development office. In the space on the left, indicate the location of each document in your package.

NOTE TO AUTOMATED VERSION USERS: To facilitate RHS review, please save your loss claim input worksheet and submit it by email or diskette in addition to hard copies of all the listed forms and documentation.

Original Form RD 1980-20, "Rural Housing Guarantee Report of Loss."
If property is sold, complete Items 1-14 and Sections A, B and E.
If property is in REO, complete Items 1-14 and Sections B, C, D and E.
Sign and date the form.

> **NOTE TO AUTOMATED VERSION USERS: THE COMPLETION OF FORM RD 1980-20 IS AUTOMATED IF THE EXCEL TEMPLATE, RHSLOSS.XLT, INPUT WORKSHEET (START HERE - VARIABLES) IS COMPLETED.**
> **COMPLETE THE INPUT WORKSHEET, THEN CLICK ON THE TAB "Automated Form RD 1980-20" AND PRINT.**

SF-GRH Loss Claim Input Worksheet
If property is sold, complete Part IV.
If property is unsold, complete Part VI.

Copy of consolidated default log detailing all servicing contacts with the borrower.

Payment History reflecting all application of payments, association fees and escrow disbursements.

Copy of most recent appraisal.

Report or verification of foreclosure sale.
(i.e., recorded foreclosure deed, etc.)

Copy of HUD-1 (Settlement Statement), if property is sold.

Documentation of Protective Advance expense, including interest accrual calculation.
(Copy of accounting ledger listing protective advances)

Documentation of claimed expenses.
(copy of accounting ledger listing corporate advances and all associated invoices)

Documentation of Buydown Escrow account.
Part V - Loss Claim Worksheet

USDA RURAL HOUSING SERVICE
SINGLE FAMILY - GUARANTEED RURAL HOUSING MANUAL LOSS CLAIM INPUT WORKSHEET

RHS USE ONLY
Date Claim Received
_____

PART I GENERAL INFORMATION

_____	**Borrower SSN**
_____	**Borrower Name**
_____	**Co-Borrower SSN**
_____	**Co-Borrower Name**
_____	**Borrower's Last Known Mailing Address**
_____	**City, State and ZIP**
_____	**Borrower's Last Known Phone Number**
_____	**Servicing Lender ID No.** (9-digit Tax ID - Employer Identification Number)
_____	**Servicing Lender Branch No.** (3 digit, RHS-assigned)
_____	**Servicing Lender Name**
_____	**Servicing Lender Contact Person**
_____	**Servicing Lender Contact Phone Number** (10-digit phone number)
_____	**Servicing Lender Contact Fax Number** (10-digit phone number)
_____	**Holding Lender ID No.** (9-digit Tax ID - Employer Identification Number)
_____	**Holding Lender Branch No.** (3 digit, RHS-assigned)
_____	**Holding Lender Name**
_____	**Holding Lender Address**
_____	**Holding Lender City, State and ZIP of Payee**
_____	**Recipient of Loss Claim Payment** (Servicing or Holding Lender)

Report Type Code: 2 = Final Loss; 4 = Recovery; B = Adjustment to Loss

$ -	**Original Loan Amount** (Amount on which the guarantee was based)
$ -	**Modified Loan Amount, if applicable**
$ -	**Escrow Balance As of Last Borrower Payment**
$ -	**Other Recovery** (Example: insurance loss, judgment collection)
$ -	**Cost of Collection of "Other Recovery" listed above**
	Method of Liquidation: Foreclosure, Deed-in-Lieu, Short-Sale or Foreclosure/3rd Party
$ -	**Original List Price**
$ -	**Final List Price**
$ -	**Amount Property Sold For** (Complete if property sold to third party)
_____	**Borrower(s) Released From Liability?** (Yes or No)

PART II CALCULATION OF ACCRUED INTEREST

$ -	**Unpaid Principal**
-	**Current Note Interest Rate** (Use decimal form, example: 10.25)
$ -	**Daily Interest Accrual**
_____	**Due Date (mm/dd/yyyy) of Last Payment Made** (Date Interest Paid Through)
_____	**A. Date of Foreclosure Initiation, if applicable**
_____	**B. Date of Foreclosure Sale or DIL Execution**
_____	**C. Date of Redemption Expiration, if applicable**
_____	**D. Number of Bankruptcies Filed** (> one bankruptcy use Additional Bankruptcy Worksheet)
_____	**E. Date(s) Bankruptcy Filed, if applicable**
_____	**F. Bankruptcy Chapter**
_____	**G. Bankruptcy Case No.**
_____	**H. Due Date of Last Payment Made Prior to Bankruptcy**
_____	**I. Date(s) Bankruptcy Released, if applicable**
_____	**J. Date Eviction Started, if applicable**
_____	**K. Date Eviction Completed, if applicable**
	Settlement Date. (mm/dd/yyyy) (Complete one of the following.)
_____ <========	**A. Sale Date If Sold To Third Party**
_____ <========	**B. Up To 6 Months from date of Foreclosure if Property Not Sold**

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_____ <======== **C. Date Mutually Determined By Lender and RHS**
_____ **Number of Days**

$ _____ - **TOTAL ACCRUED INTEREST CLAIMED**

PART III	FORECLOSURE PROTECTIVE ADVANCES PAID <u>PRIOR</u> TO SETTLEMENT DATE

Type of Advance	Advance Date	Effective Date	Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

$ _____ - **TOTAL PROTECTIVE ADVANCE**

$ _____ - **Interest on Protective Advances paid prior to Foreclosure Sale Date:** (Optional: RHS will calculate based on advance date and debenture interest rate)

$ _____ - **Amount of last insurance premium** (as listed above)

_____ **Effective Date (mm/dd/yyyy) of last insurance paid** (as listed above)

_____ **Number of days policy in force**

_____ **% Lender's Prorated Portion**

$ _____ - **Prorated insurance subtracted in claim**

PART IV	EXPENSES ASSOCIATED WITH SALE OF PROPERTY

	Liquidation Costs	REO Costs	Total
Foreclosure Attorney Fees	$ -	$ -	$ -
Foreclosure Attorney Costs	$ -	$ -	$ -
Eviction expenses	$ -	$ -	$ -
Bankruptcy Fees	$ -	$ -	$ -
Bankruptcy Costs	$ -	$ -	$ -
Property Inspections	$ -	$ -	$ -
Utilities	$ -	$ -	$ -
Property Preservation	$ -	$ -	$ -
Property Maintenance	$ -	$ -	$ -
Pre-authorized Repairs	$ -	$ -	$ -
Sales Expense	$ -	$ -	$ -
Appraisal/BPO	$ -	$ -	$ -
Other	$ -	$ -	$ -
TOTAL	$ -	$ -	$ -

PART V   BUY DOWN

$ _____ **-**   **Buy Down Balance Remaining In Escrow**

PART VI   ALLOWANCE FOR REO/RESALE EXPENSES

Complete ONLY if the property is still in REO at the time of this claim

$ _____ **-**   **Appraised Value (Provided by RHS)**

_____ **0**   **Acquisition Management, Resale Factor (Per Exhibit D of RD Instruction 1980-D)**

$ _____ **-**   **Appraised Value X Factor**

EXHIBIT C

TABLE TO DETERMINE THE NUMBER OF DAYS BETWEEN ANY TWO GIVEN DATES
365 DAY BASIS

To find the number of days between any two given dates, proceed as follows:

1. Find the number for the earlier of the two dates by locating the day of the month in the left hand column of the Table entitled "FIRST YEAR," and proceed across the table until the desired month is reached.

2. Find the number for the later date by using either the "FIRST YEAR" or the "SECOND YEAR" table. The "SECOND YEAR" table is used if the later date falls in the succeeding year.

3. Subtract the earlier date "number" from the later date "number" to determine the number of days between the two dates.

   NOTE: If the second date is into a third calender year, add 365 to the result of instruction #3 for each additional calender year.

FIRST YEAR

DAY OF MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	1	32	60	91	121	152	182	213	244	274	305	335
2	2	33	61	92	122	153	183	214	245	275	306	336
3	3	34	62	93	123	154	184	215	246	276	307	337
4	4	35	63	94	124	155	185	216	247	277	308	338
5	5	36	64	95	125	156	186	217	248	278	309	339
6	6	37	65	96	126	157	187	218	249	279	310	340
7	7	38	66	97	127	158	188	219	25	280	311	341
8	8	39	67	98	128	159	189	220	251	281	312	342
9	9	40	68	99	129	160	190	221	252	282	313	343
10	10	41	69	100	130	161	191	222	253	283	314	344
11	11	42	70	101	131	162	192	223	254	284	315	345
12	12	43	71	102	132	163	193	224	255	285	316	346
13	13	44	72	103	133	164	194	225	256	286	317	347
14	14	45	73	104	134	165	195	226	257	287	318	348
15	15	46	74	105	135	166	196	227	258	288	319	349
16	16	47	75	106	136	167	197	228	259	289	320	350
17	17	48	76	107	137	168	198	229	260	290	321	351
18	18	49	77	108	138	169	199	230	261	291	322	352
19	19	50	78	108	139	170	200	231	262	292	323	353
20	20	51	79	110	140	171	201	232	263	293	324	354
21	21	52	80	111	141	172	202	233	264	294	325	355
22	22	53	81	112	142	173	203	234	265	295	326	356
23	23	54	82	113	143	174	204	235	266	296	327	357
24	24	55	83	114	144	175	205	236	267	297	328	358
25	25	56	84	115	145	176	206	237	268	298	329	359
26	26	58	85	116	146	177	207	238	269	299	330	360
27	27	58	86	117	147	178	208	239	270	300	331	361
28	28	59	87	118	148	179	209	240	271	301	332	362
29	29	*	88	119	149	180	210	241	272	302	333	363
30	30		89	120	150	181	211	242	273	303	334	364
31	31		90		151		212	243		304		365

EXHIBIT C

TABLE TO DETERMINE THE NUMBER OF DAYS BETWEEN ANY TWO GIVEN DATES
SECOND YEAR

365 DAY BASIS

DAY OF MONTH	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	366	397	425	456	486	517	547	578	609	639	670	700
2	367	398	426	457	487	518	548	579	610	640	671	701
3	368	399	427	458	488	519	549	580	611	641	672	702
4	369	400	428	459	489	520	550	581	612	642	673	703
5	370	401	429	460	490	521	551	582	613	643	674	704
6	371	402	430	461	491	522	552	583	614	644	675	705
7	372	403	431	462	492	523	553	584	615	645	676	706
8	373	404	432	463	493	524	554	585	616	646	677	707
9	374	405	433	464	494	525	555	586	617	647	678	708
10	375	406	434	465	495	526	556	587	618	648	679	709
11	376	407	435	466	496	527	557	588	619	649	680	710
12	377	408	436	467	497	528	558	589	620	650	681	711
13	378	409	437	468	498	529	559	590	621	651	682	712
14	379	410	438	469	499	530	560	591	622	652	683	713
15	380	411	439	470	500	531	561	592	623	653	684	714
16	381	412	440	471	501	532	562	593	624	654	685	715
17	382	413	441	472	502	533	563	594	625	655	686	716
18	383	414	442	473	503	534	564	595	626	656	687	717
19	384	415	443	474	504	535	565	596	627	657	688	718
20	385	416	444	475	505	536	566	597	628	658	689	719
21	386	417	445	476	506	537	567	598	629	659	690	720
22	387	418	446	477	507	538	568	599	630	660	691	721
23	388	419	447	478	508	539	569	600	631	661	692	722
24	389	420	448	479	509	540	570	601	632	662	693	723
25	390	421	449	480	510	541	571	602	633	663	694	724
26	391	422	450	481	511	542	572	603	634	664	695	725
27	392	423	451	482	512	543	573	604	635	665	696	726
28	393	424	452	483	513	544	574	605	636	666	697	727
29	394	*	453	484	514	545	575	606	637	667	698	728
30	395		454	485	515	546	576	607	638	668	699	729
31	396		455		516		577	608		669		730

* Denotes Leap Year

SINGLE FAMILY HOUSING
GUARANTEED LOAN
LOSS CLAIM
AND
FUTURE RECOVERY

USER GUIDE

Version 2.0

USER GUIDE
LOSS CLAIM AND FUTURE RECOVERY

Introduction

The *Single Family Housing Guaranteed Loan Loss Claim and Future Recovery User Guide, Version 2 (User Guide)* provides comprehensive instructions for the new Guaranteed Rural Housing Loss Claim Input Worksheet (filename *RHSLoss V12.xlt*), a Microsoft Excel 2000 template that replaces a Microsoft Excel 97 template. This template is for participating lender servicers and Rural Housing Service (RHS) personnel to use in preparing Single Family Guaranteed Rural Housing (GRH) loss claims and future recovery remittances.

The workbook includes the *GRH Loss Claim Checklist* and the *GRH Loss Claim Input Worksheet*, which upon completion automatically fills the Form RD 1980-20, "*Rural Housing Guarantee Report of Loss*," for printing and signature. A *Future Recovery Calculator* is included which will calculate the amount of any future recovery owed to RHS. The *Future Recovery Calculator* worksheet includes an allowance for certain capital improvement expenses and Real Estate Owned (REO) seller concessions incurred by the lender, which resulted in an increased sales price for the REO property. The calculator also calculates an allowance for real estate commissions based on the difference between the appraised value in which the loss claim was based and the actual sales price of the REO. A *Loss Claim Manual Input Worksheet* and manual *Form RD 1980-20* are also included so a user may print and complete these tools when needed. Additionally, the *Table to Determine the Number of Days Between Any Two Given Dates, 365-Day Basis*, is included for the calculation of interest accrual, which determines the number of days between any two given dates. Rural Development (RD) no longer calculates loss payments on a 360-day basis. Any of the worksheets can be printed and used manually. However, a lender with Microsoft Excel capability should use the automated version to complete the loss claim or future recovery calculations.

Advantages of the Automated GRH Loss Claim Process

⇒ *Increased efficiency* reduces the need for manual review of supporting documentation, allowing for enhanced claim processing speed and uniformity.

⇒ *User-friendly* template opens directly into the *GRH Loss Claim Input Worksheet* where the user enters the loan level detail. Worksheets are clearly labeled to facilitate access and printing of the completed worksheets and Form RD 1980-20, "Rural Housing Guarantee Report of Loss."

⇒ *Fast completion* when the input figures are readily available so that the User may complete claim forms in minutes.

⇒ *Automated computations*, including the number of days of interest accrual, prevents errors. For example, the automated *GRH Loss Claim Input Worksheet* and Form RD 1980-20 are designed so that appropriate sections are left blank if a lender has **not** sold the REO and is basing the claim on a "liquidation" property value and estimated REO management and disposition costs.

⇒ *"Warning" messages* are built in to help the user enter the right variable in the correct section of the form and to alert the user when a loss exceeds the 90 percent limit or when there is no loss.

⇒ *Enhanced Guidance* is given in "comment boxes" that provide more information on what's required in certain fields when the user clicks on the small red triangles in a field.

⇒ *Detailed Information* is included when calculating loss claims when more than one bankruptcy has occurred. Users will benefit from the new automated *Additional Bankruptcy Worksheet.*

Helpful Hints

⇒ The tabs along the bottom of the spreadsheet represent the worksheet names used in this Guide: *GRH Loss Claim Input Worksheet*; *Additional Bankruptcy Worksheet*; *Automated Form RD 1980-20*; *GRH Loss Claim Checklist*; *Manual GRH Loss Input Worksheet*; *Manual Form RD 1980-20*; *Future Recovery Calculator*; and, *Table 365*. To scroll through the sheet tabs, use the scroll bar arrows to the left of the sheet tabs.

⇒ Completing the *GRH Loss Claim Input Worksheet* in Part VII will pre-fill the entire automated Form RD 1980-20.

⇒ Row references indicate the spreadsheet row numbers on the left of your spreadsheet screen.

⇒ The worksheets are protected and must not be unprotected or changed.

⇒ To move through the application, the Tab or enter key will automatically take you to the next input cell.

⇒ All cells are formatted. Do not enter dollar signs ($) or commas. Use decimal figures such as 9003.57 for $9,003.57.

⇒ All computations are automated.

⇒ An Asterisk * indicates fields that are auto-populated.

Completing the "GRH Loss Claim Input Worksheet"

Starting Point

File Name: *RHSLoss v12.xlt*

Upon opening the file in Microsoft Excel 2000, the *GRH Loss Claim Input Worksheet* appears. Your cursor should be in data field (Row 4, Column A) under the heading Part I, *General Information*. **Field locations** (row numbers and column letters) are listed below and refer to the row and column in the spreadsheet that corresponds to the information that should be entered by the user, when applicable.

Part I   General Information

Field	*Enter/Input*
4	Borrower Social Security Number **without** hyphens (i.e., 241712345 will be displayed as 241-71-2345)
5	Borrower Name
6	Co-borrower Social Security Number (SSN) **without** hyphens
7	Co-borrower Name
8	Borrower's Last Known Mailing Address
	Note: If forwarding information is unknown, enter the property address and phone number.
9	Subject property address City, State and Zip Code
10	Borrower's last known telephone number
11	Name of the Loss Claim Contact Person for the RHS account
12	Telephone number for the Loss Claim Contact Person mentioned in Row 11 (10-digit number)
13	Fax telephone number for the Contact Person in Row 11 (10-digit number)
14	E-mail address for the Loss Claim Contact Person
15	Servicing Lender ID Number (9-digit Tax ID number **without** hyphens (i.e., enter 123456789)).
16	Servicing Lender Branch number (3-digit RHS assigned branch number for the lender)
17	Servicing Lender Name
18	Holding Lender ID Number (9-digit Tax ID number **without** hyphens (i.e., enter 123456789)).
19	Holding Lender Branch Number (3-digit RHS assigned branch number for the lender)
20	Holding Lender Name
21	Holding Lender Address
22	Holding Lender City, State and Zip Code of Payee
23	Recipient of Loss Claim Payment (Select one from the drop down list. You must complete field 17 and field 20 to populate the dropdown)
24	Report Type Code (Select response from the drop down list. "2-Final Loss" is the default)
25	Original Loan Amount on which the loan guarantee was based
26	Modified Loan Amount, applicable only when original amount, was modified

USER GUIDE
LOSS CLAIM AND FUTURE RECOVERY

Completing the "Loss Claim Input Worksheet"
(continued)

Part I   General Information (continued)

Field	*Enter/Input*
27	Escrow Balance as of Last Borrower Payment
28	Other Recovery (i.e., Insurance Loss, Judgment Collection, etc.)
29	Cost of Collection of "Other Recovery" listed above
30	Method of Liquidation
	Note: Select one from the drop down list: Foreclosure, Deed-in-Lieu, Short Sale, or Foreclosure/3rd Party
31	Original List Price
32	Final List Price
33	Amount Property Sold For (completed when property is sold to third party)
34	Borrower(s) Released from Liability? (Select one from drop down list)

Completing the "GRH Loss Claim Input Worksheet" (continued)

Part II   Calculation of Accrued Interest

Field	Enter/Input
37	Unpaid principal balance of the loan (not including interest or protective advances)
38	Current Note Interest Rate (decimal format, i.e. 10.25, 7.875)
39	* Daily Interest Accrual - *automatically calculated* *
40	Due Date (mm/dd/yyyy) of the Last Borrower Payment Made (Date Interest Paid Through)
41	Date of Foreclosure Initiation, if applicable. This field is required for foreclosure and foreclosure to third-party liquidation methods and is the date of the first legal action required by law to initiate foreclosure.
42	Date of Foreclosure Sale or Deed-in-Lieu execution (do not include post-sale redemption or sale confirmation period)
43	Date of Redemption Expiration, if applicable (Required for properties in Michigan, Minnesota and South Dakota)
44	Number of Bankruptcy(s) Filed
45	Date Bankruptcy Filed. If borrower has more than one bankruptcy then utilize the *Additional Bankruptcy Workbook to input all additional bankruptcies*. **Single click** on the gray button located to the right of Row 45. Then input up to three *Additional Bankruptcies,* as follows:

> *Row 8*   Date Bankruptcy was filed, if applicable
> *Row 9*   Bankruptcy Chapter
> *Row 10* Bankruptcy Case Number
> *Row 11* Due Date of Last Payment Made Prior to Bankruptcy
> *Row 12* Date Bankruptcy Released, if applicable

Field	Enter/Input
46	Chapter Number of the Bankruptcy Filed (Enter in sequential order, if more than one)
47	Case Number(s) of the Bankruptcy Filed (Enter in sequential order, if more than one)
48	Due Date of Last Payment made prior to Bankruptcy. This date correspondents with the first bankruptcy as filed, prior to any subsequent payments made during the bankruptcy.
49	Date Bankruptcy Released or Dismissed or Motion for relief was granted, if applicable
50	Date Eviction Started, if applicable
51	Date Eviction Completed, if applicable
52	*Input is not required in this row. Complete "Settlement Date" value in row 53, 54, **or** 55.*
53	Sale Date if Sold to Third Party (enter only one date)
54	Date up to 6 Months from Date of Foreclosure if Property Not Sold (enter only one date)
55	Date Mutually Determined by Lender and RHS (enter only one date)
	*Note: If date is entered on more than one row (in **rows 53-55**), or if no date is entered, an error message will appear.*
56	* Number of Days of Interest - *automatically calculated* *
57	* Total Accrued Interest Claimed - *automatically calculated* *

Completing the "GRH Loss Claim Input Worksheet"
(continued)

Part III   Foreclosure Protective Advances Paid Prior to Settlement Date

The information to complete this section may be obtained from lender records such as a "mortgage loan" history.

Field	*Enter/Input*
62-73	Select the Type of Advance (i.e., Insurance, Forced Placed Insurance, Property Taxes, etc.) and also enter corresponding Advance Date, Effective Date and Amount of Advance (paid **after** the date of the last borrower payment) Examples of "other" protective advances are pre-foreclosure written inspections and protective custody expenses related to abandoned property.
74	*Input is not required in this row.*
75	* Total Protective Advance - *automatically calculated* *
76	* Interest on Protective Advances Paid Prior to Foreclosure Sale Date – Optional field which RHS calculates based on advance date and debenture interest rate *
77	*Input is not required in this row.*
78	Amount of Last Insurance Premium listed above (Includes all insurance, paid **after** the date of the last borrower payment, but before liquidation of the account.)
79	Effective Date (mm/dd/yyyy) of Last Insurance Paid listed above
80	* Number of Days Policy in Force - *automated field* *
81	* % Lender's Prorated Portion - *automated field* *
82	* Prorated Insurance Subtracted in Claim - *automated field* *

Completing the "GRH Loss Claim Input Worksheet" *(continued)*

Part IV   Expenses Associated with Liquidation and Sale of Property

COMPLETE THIS SECTION ONLY IF THE PROPERTY WAS **SOLD** *AND IS* **NOT** *IN THE LENDER'S REO INVENTORY.* This section is to be completed for a pre-foreclosure sale before foreclosure, a sale to a third party at the foreclosure sale, or a sale of REO property. Only eligible fees are to be entered. Copies of receipts are required.

Note: Each row of expenses must be segregated between costs incurred prior to title acquisition (Liquidation Costs) and costs incurred after acquisition of title (REO Costs).

Field	*Enter/Input*
85	Actual Foreclosure Attorney Fees incurred associated with the most recent liquidation action.
86	Actual Foreclosure Attorney Costs incurred associated with the most recent liquidation action. *Note: The Agency will not reimburse attorney fees or costs (Row 85 and 86) incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.*
87	Actual Eviction Expenses incurred.
88	Actual Bankruptcy Attorney Fees incurred associated with the most recent liquidation action.
89	Actual Bankruptcy Attorney Costs incurred associated with the most recent liquidation action. *Note: The Agency will not reimburse attorney fees or costs incurred for a prior liquidation action which was reinstated by the borrower, voluntarily or through bankruptcy, or for which the foreclosed property was redeemed.*
90	Amount of *written* property inspections performed by a property preservation company or licensed inspector, such as a termite and dry rot company. Inspections performed by realtors are not reimbursed.
91	Amount of Actual Utility Costs (i.e., electric, gas, water)
92	Property Preservation Costs. Enter one-time costs associated with securing and preserving the property (i.e., lock changes, debris removal, winterization).
93	Property Maintenance Costs that cover recurring fees (i.e., yard maintenance, snow removal).
94	Pre-authorized Repairs (i.e., cosmetic and structural repairs **approved by RHS**).
95	Sales Expenses. Enter the amount of seller paid closing costs deducted from contract sales price from HUD-1. Lenders are to deduct any credits from the HUD-1 against actual sales expenses for taxes or ineligible expenses such as outsourced REO management fees.
96	Appraisal amount or Broker Price Opinion (BPO). Enter the cost of property valuations.
97	Amount of any other miscellaneous expense actually incurred but not categorized in Rows 85-96. An example of a miscellaneous expense could be a pre-foreclosure BPO for foreclosure bid.
98	* Total of all expenses associated with liquidation and REO disposition - *automated field* *

> **Note:** If the property is unsold, then fields 90 through 97, under **REO Costs** column, are not included in this part because the costs are included in the REO Acquisition factor.

USER GUIDE
LOSS CLAIM AND FUTURE RECOVERY

Completing the "GRH Loss Claim Input Worksheet" (continued)

Part V   Buydown

Field	Enter/Input
102	Buydown Balance Remaining in Escrow, if applicable.

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Part VI   Allowance for REO/Resale Expenses

COMPLETE THIS SECTION ONLY IF THE PROPERTY WAS **NOT SOLD** AND IS IN THE LENDER'S REO INVENTORY. Refer to Part IV for a detailed description of each expense.

Field	Enter/Input
106	Appraised Value (Lenders must request a liquidation appraisal for the Agency. Once the appraisal is received by the Agency, the Agency will provide the value to the lender and it should be entered here.)
107	Acquisition Management, Resale Factor (See "*RD Instruction 1980-D, Exhibit D*")
108	* Appraised Value X Factor - *automated field* *

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Completing the "Loss Claim Input Worksheet"
(continued)

Submitting the Loss Claim

Submit the completed *GRH Loss Claim Input Worksheet* and the *Additional Bankruptcy Worksheet*, if applicable, along with the completed, signed; Form RD 1980-20 and any required supporting documentation.

Printing the GRH Loss Claim Forms:
⇒ "Print" buttons are located in Row 110 and you should click on one of the following:
  ➤ *Print GRH Loss Claim Input Worksheet*
  ➤ *Print GRH Loss Claim Input Worksheet* and *Additional Bankruptcy Worksheet*
⇒ Click on the worksheet, *Automated Form RD 1980-20,* and print.
⇒ Click on the worksheet, *GRH Loss Claim Checklist*, and print.

Lenders Submit the GRH Loss Claim:
Send the completed *GRH Loss Claim Input Worksheet (and bankruptcy worksheet, if applicable)* and an original, completed and **signed** Form RD 1980-20, with all items (as listed on the Checklist) and any other required supporting documentation to the appropriate Rural Development office. If you need blank *GRH Loss Claim Worksheets* and Forms RD 1980-20, for manual completion by your staff, click on the worksheets *GRH Loss Claim Manual Input Worksheet* and *Manual Form RD 1980-20* respectively, and print.

> *Note: Electronic submissions - to facilitate RHS review, lenders are encouraged to submit a digital copy of the file by email or diskette, as well as the hard copy documentation. The digital file can also be saved for any future recovery needs.*

RHS Steps:
⇒ Review the loss claim request and supporting documentation submitted by the lender.
⇒ Obtain the signature of the RHS Approval Official on the completed Form 1980-20.
⇒ Enter the loss claim into the automated GLS Loss Claim system.
⇒ Notify the lender of their processed claim.

FUTURE RECOVERY CALCULATOR

The Future Recovery Calculator is used to calculate the amount a lender is required to pay the Agency when a lender recovers funds after a loss claim is paid. Future recovery can come in two different forms:

A. *Actual Payment* - For example, a check received for a delayed insurance payment, a collection on a deficiency judgment, or other similar payments.

B. *Higher than Estimated Sale Price* - When the loss claim is calculated for unsold REO, it is based on an estimated sale price established by a third party "liquidation" value appraisal of the property. If the property sells at a higher price, that difference must be reported to the Agency as future recovery. [Note: If the property sells for a lower price, the Agency does not reimburse the lender for additional loss.]

The Future Recovery Calculator considers the relative percentage of loss borne by the Agency and the lender based on the original claim, and calculates the amount of the recovery owed to the Agency.

To use the Future Recovery Calculator, the user must have a copy of the Advice of Payment/Notice of Termination on which the original loss claim payment was based. Additionally, the user must have:

A-1. The amount of any future recovery collected by the lender; and/or
B-2. The amount for which the property was sold.

The Future Recovery Calculator can be used by RHS field staff and by lenders to calculate future recovery owed the Agency. Lenders should complete the worksheet and send a copy of the worksheet along with a check, in the indicated amount, to the appropriate Rural Development office.

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FUTURE RECOVERY CALCULATOR (continued)

Starting Point

File Name: *RHSLoss v12.xlt* (Microsoft Excel 2000 Template)
Worksheet Name: *Future Recovery Calculator*

Open the filename *rhsloss v12.xlt* and click on the tab for the *Future Recovery Calculator*. **Field locations** (row number and column letter) are listed below and refer to the row and column in the spreadsheet that corresponds to the information that should be entered by the user, when applicable. References to Form RD 1980-20 refer to the form on which the original loss claim payment was based.

Field	*Enter/Input*
1	Borrower's full name.
2	Borrower's Social Security Number.
3	Lender's loan number for this borrower.
4	Lender's Tax ID number. (9-digit number without the leading zero, i.e. 123456789).
5	Lender's Name from Item 9 of Form RD 1980-20.
6	Date of original loss claim from Item 2 of Form RD 1980-20.
8	Net Loss Amount from the Advice of Payment/Notice of Termination.
9	Primary Loss Amount Paid Lender from the Advice of Payment/Notice of Termination.
10	Original loan amount from Item 27 of Form RD 1980-20.
11	Liquidation-appraised value of the property from Item 23 of Form RD 1980-20.
12	Amount for which the REO property was sold to third party.
13	* Difference between Appraised Value and Amount Sold to 3rd Party *
14	Actual Rate of Commission for REO Sale (Enter the actual Commission percentage rate charged to sell the REO)
15	* Allowance for Additional Commission (Commission capped at 6%) *
16	Cost of any capital improvement expenses the lender incurred that directly resulted in an increase in the sales price of the REO property. This does not include additional interest, taxes, insurance, closing help, appraisals, inspections, winterization, lawn care, pest inspections, etc. These expenses were already considered in the original loss claim by utilizing the Acquisition/Management factor.
17	Amount of seller concessions paid from the sale proceeds above what is reasonable and customary for the area, which directly resulted in an increased sales price.
18	Adjusted sales price is automatically calculated.
19	* Field *automatically calculated* *
20	Amount of recovery collected by the lender **not** included in the original loss claim and **not** previously reported to RHS.
21	Amount of recovery previously reported to RHS **not** included in original claim submission.
22	Sum of the future recovery **previously paid** to RHS. This amount may be equal to or less than the amount indicated on Row 14.
23-34	* Fields *automatically calculated* *

Note: The amount the lender must remit to the Agency is on Row 34, "AMOUNT LENDER TO PAY RHS." This amount is capped at the total loss paid by RHS to the lender and by the Total Amount of Recovery.

FUTURE RECOVERY CALCULATOR *(continued)*

Printing and Mailing the Future Recovery Calculator:

Printing the Future Recovery Calculator:

⇒ Click on one of the following:
> ➤ *Future Recovery Calculator* tab in the worksheet
> ➤ *Go To Future Recovery Calculator* tab at the top of the *GRH Loss Claim Input Worksheet*.

⇒ Click on the print tool button.

Lenders Submit (for **future recovery only**) the following to the appropriate RD Office that completed the original loss claim he following:

⇒ A copy of the completed *Future Recovery Calculator* worksheet.

⇒ A copy of Form RD 1980-20, with Items 1-9, Item 29, and Item 42 completed. Item 1 should be coded as a "4" to indicate a recovery.

⇒ A copy of the Advice of Payment/Notice of Termination outlining the initial loss claim payment.

⇒ A check, payable to RHS, in the amount specified on Row 34 of the *Future Recovery Calculator Worksheet*.

RHS Steps:

⇒ Obtain the signature of the RHS Approval Official on the completed Form RD 1980-20.

⇒ Mail the completed *Future Recovery Calculator Worksheet* and the Form RD 1980-20, with **Items 1-9**, **Item 29**, and **Item 42** completed (**Code Item 1** as a "**4**" for **Recovery**) to the Finance Office, Office of the Deputy Chief Financial Officer, Attention: FC-350, GLB, PO Box 200011, St. Louis, Missouri 63120-0011.

⇒ Process the lender's check on Form RD 451-2, *Schedule of Remittances*, as a **miscellaneous collection code "34**."

If you have any questions, please contact Susanne Wilson in the Single Family Housing Guaranteed Loan Division at (202) 720-9705 or by e-mail at: Susanne.Wilson@usda.gov.